he represents, has given us the plant and equipment (in the widest sense of the phrase) with which we are now working. If, therefore, we penalise the Rentier too severely we shall discourage his future creation | the present race of earners, if they see that those who are living on past savings are shorn too close will be deterred from saving, will put their surplus earnings into extravagant spending instead of into plant and equipment, and the economic future of the nation, and of the world, will be *pro tanto* less hopeful. If once our fiscal system is going to propagate the view —already so rampant among the happy-go-lucky citizens of this unthrifty people—that the worst thing to do with money is to save it there will be bad times ahead for our industry and commerce, which can only get the capital that it needs if somebody saves it. Mr Hoare's elaborate calculations led him to conclusions involving a tax of *us. 6d.* in the pound on unearned income. This figure is, I hope, needlessly high. To arrive at it he assumed that peace might be concluded towards the end of 1919, and that when peace conditions are fully re-established— which will take, he thinks, three years, the National Debt will amount to £10,000 millions, involving annual interest of ^500 millions, which, added to the total Rente of the country in 1913 (which he made out to be £520 millions), will make a total Rente in *1923* of £1020 millions. His view is that

the burden of the National Debt should be thrown by means of the income tax upon the national Rente, not taxing it out of existence, but by such a scale of taxation as would reduce the net Rente of the country to